

WATER/ABJ/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4440
December 4, 2003**

R E S O L U T I O N

**(RES. W-4440), LITTLE BEAR WATER COMPANY, INC. (LBWC).
ORDER AUTHORIZING A SURCHARGE FOR WATER
TESTING COSTS PRODUCING AN OVERALL INCREASE IN
ANNUAL REVENUES OF \$4,086 OR 1.14%.**

SUMMARY

By Advice Letter No. 41, filed September 29, 2003, LBWC requests to increase rates for water testing costs for a total annual increase in revenue of \$4,086 or 1.14%. This resolution approves the request.

BACKGROUND

LBWC is a Class C water utility providing service to approximately 676 customers in the unincorporated community of Pine Canyon and vicinity, located three miles southwest of King City, Monterey County.

LBWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to assess a surcharge of \$3.02 per customer for two months to recover water testing costs not presently included in rates for the years 2001 and 2002. The surcharge will increase revenue by \$4,086 or 1.14%.

LBWC's present rates were authorized pursuant to Res. W-4353, dated October 29, 2002, which authorized an increase in annual revenue of \$12,463 or 3.81% to recover undercollections in its purchased power balancing account. The utility's last general rate increase was authorized on January 2, 2002, pursuant to Res. W-4311, which authorized a general increase of \$59,400 or 22.2% increase in rates and a rate of return of 12.25%.

DISCUSSION

Res. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. W-4327, dated March 6, 2002, authorized all Class B, C, and D Water Utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, not presently included in rates. Class B, C, and D Water Utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order 96-A.

The Division reviewed LBWC's request and found it to be reasonable. The surcharge requested herein would allow LBWC to recover a WQMA balance of \$4,086. The Water Division recommends that LBWC be authorized to assess a surcharge of \$3.02 per customer for two months to recover the total \$4,086 balance booked in the WQMA balancing account.

Service is satisfactory. LBWC is in compliance with all Commission orders. The utility is currently earning a rate of return of 11.04% on a recorded basis, which does not exceed its last authorized rate of return of 12.25% pursuant to Res. W-4311.

NOTICE AND PROTESTS

Notice of the proposed rate increase was placed in a newspaper of general circulation on October 2, 2003. There were no protests concerning the proposed increase.

FINDINGS

1. Res. W-4327 authorizes all Class B, C, and D water utilities to establish WQMAs. Class B, C, and D water utilities were also authorized to request recovery of WQMA account balances by advice letter filings.
2. On September 29, 2003, LBWC filed Advice Letter No. 41 to increase rates to recover water-testing fees.
3. The surcharge herein would allow LBWC to recover a WQMA balance, which total \$4,086 from 2001 through 2002.

4. It is proper for LBWC to assess a two-time surcharge of \$3.02 per customer over two months to recover the WQMA balance.

THEREFORE IT IS ORDERED THAT:

1. Little Bear Water Company, Inc. is authorized to file, to be effective on five days notice, a compliance advice letter to make effective revised Schedules 1LC, Metered Service, and 1UC (Upper Canyon) Metered Service, and to cancel the corresponding presently effective rate schedules.
2. Little Bear Water Company, Inc. is directed to maintain its balancing accounts as required by Public Utilities Code Section 792.5.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 4, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD

GEOFFREY F. BROWN

SUSAN P. KENNEDY
Commissioners

Commissioner Loretta M. Lynch, being
necessarily absent, did not participate.